			DATE 4-28-4
SUBJECT:	report on Rus	sian economic plans	for the Russian Sector o
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	is being fo	prwarded to you in t	the belief that it may be
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- Military Administration has tried to attach the eight districts of the Russian Sector of Berlin economically and politically to the Russian Zone of Occupation. The SED and its representatives in the Berlin Magistrat have made every attempt to bring this about.

  Important administrative offices which are still in the Western Kenes Sectors of Berlin will be transferred to the Russian Sector under the pretext of a Central Administration. Every effort is being made to induce industry to move from the Western to the Russian Sector of Berlin, particularly the large public utilities (electricity, gas, water).
- 2. There is, however, a strong counter-movement, especially in private industry and trade, and by July 1946 approximately 140 firms in the Mitte District (Bezirk Mitte) alone had moved over to the Western Sectors.
- 3. Thirty-two leading firms (Leitfirmen) of the various branches of industry have been set up in the Russian Sector of Berlin with instructions to gather together and control all raw materials either in the Russian Sector or imported from the Russian Zone and to distribute them only to firms situated in the Russian Sector. The Berlin Magistrat is not permitted to distribute these goods to all four sectors of Berlin. They can only be distributed in accordance with the instructions of the Economics Division of the Central Kommandantura or of the individual District Kommandanturas. The District Economic Offices of the eight Russian districts are completely dependent on the Economics Sections of their District Kommandanturas.

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- 4. In Magistrat circles it is rumored that the most important Berlin industries, the particularly those in the Western Sectors, are to be moved east and south-east of Berlin (Treptow, Schöneweide, Lichtenburg, etc.) rather than being rebuilt where they are. It is planned to make Lake Rummelsberger a large storing and distributing harbor. Only so-called smokeless industry will remain in western Berlin. Even the transportation net will be changed accordingly.
- 5. In the economic committees of the SED and the FDGB it is often stated that, if the Western Democracies hinder economic and political unity, the Russian Sector of Berlin and the Russian Zone. will have to become a part of the Soviet economic system.



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